



***Program Compliance Office  
Cal Grant / Specialized Program Review Report***

***2000-01 Award Year***

**University of California - Riverside  
Program Review ID#80200131600**

**1156 Hinderaker Hall  
Riverside, CA 92521-0209**

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**Program Review Dates:**

9/16/2002 - 9/20/2002

**Auditor:**

Melanie Wong  
(916) 526-8207

**Report Approved by:**

Charles Wood, Manager  
Program Compliance Office  
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## AUDITOR'S REPORT

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### SUMMARY

We reviewed University of California – Riverside's administration of California Student Aid Commission (Commission) programs for the 2000/01 award year.

The institution's records disclosed the following deficiencies:

- Incorrect Withdrawal/Tuition Refund Policy
- Renewal Recipient's Cal Grant Unmet Need Calculated Incorrectly
- Cal Grant A Tuition Award Exceeds Actual Tuition/Fees Charged

### BACKGROUND

Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants	A, B, T and Graduate Fellowship
Specialized Programs	State Work-Study Teaching Internship Program (SWS-TIP)

The following information, obtained from the institution and Commission database, is provided as background on the institution:

#### A. Institution

- |                         |   |
|-------------------------|---|
| • Type of Organization: | Public Institution of Higher Education    |
| • Chancellor:           | France A. Cordova, Ph.D.                  |
| • Accrediting Body:     | Western Association of Schools & Colleges |
| • Size of Student Body: | 15,600                                    |

#### B. Institutional Persons Contacted

- |                   |                                     |
|-------------------|-------------------------------------|
| • Sheryl Hayes:   | Director of Financial Aid           |
| • Patsi Anderson: | Associate Director of Financial Aid |
| • Joe Bruner:     | Assistant Director, Fiscal Services |
| • Jose Aguilar    | Assistant Director, Fiscal Services |
| • Louise C. Jones | Cal Grant Coordinator               |

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## AUDITOR'S REPORT (continued)

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### BACKGROUND (continued)

#### C. Financial Aid

- Date of Prior Commission Program Review: December 1994
- Branches: None
- Financial Aid Programs: Federal: Direct Loan Program, Work Study, Pell, SEOG, Perkins Loan  
State: Cal Grant A, B, T, Graduate Fellowship, State Work Study-TIP
- Financial Aid Consultant: N/A

### OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional agreements as they pertain to the grant programs administered by the Commission.

The review will focus on, but not be limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. Roster and Reports
- E. File Maintenance and Records Retention
- F. Fiscal Responsibility and Program Funds

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the institution are secure.
- Administration systems have adequate controls to ensure that grant payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in the conduct of this review include:

- Evaluate the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluate the current payment procedures through interviews and reviews of student records, forms and procedures.
- Review the records and grant payment transactions from a sample of 40 students who received a total of 23 Cal Grant A awards and 17 Cal Grant B awards within the review period. The program review sample was randomly selected from the total population of 3,896 recipients
- Review the records and verified the grant payment(s) for 15 students who received SWS-TIP awards within the review period. The SWS-TIP review sample was randomly selected from the total population of 86 recipients.

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## AUDITOR'S REPORT (continued)

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**OBJECTIVES,  
SCOPE AND  
METHODOLOGY  
(continued)**

This review was conducted in accordance with **Government Auditing Standards** issued by the Comptroller General of the United States. However, the procedures did not constitute a review of the institution's financial statements.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the institution's management controls only to the extent necessary to plan the review.

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

The names and social security numbers of the sample of students reviewed have been excluded from the body of this report and have been replaced by identifying numbers. Attachment A is a listing of the students by name, social security number and grant type.

**CONCLUSION**

In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commissions grant programs.

**VIEWS OF  
RESPONSIBLE  
OFFICIALS**

The findings were discussed with agency representatives in an exit conference on September 20, 2002. The agency staff concurred with all findings.

September 20, 2002

Charles Wood, Manager  
Program Compliance Office

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## FINDINGS AND REQUIRED ACTIONS

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### A. GENERAL ELIGIBILITY:

#### **FINDING: Incorrect Withdrawal/Tuition Refund Policy**

A review of the institution's current withdrawal and tuition refund policies do not ensure that Cal Grant tuition awards are refunded correctly.

#### **DISCUSSION:**

According to the Cal Grant Program Participation Agreement (Agreement), institutions must have a tuition refund policy for students who withdraw. Article V.B of the Agreement states: "If Commission grant program funds are disbursed to a recipient's account for payment of institutional charges, and the recipient withdraws during a term for which payment has been made, the Institution shall calculate whether a refund is due the Commission based on the Institution's refund policy. If a refund is due, it is the Institution's responsibility to repay the Commission by reporting an adjusted payment transaction. If the determination is made after the Commission's final reconciliation the Institution must refund the Commission.

Additionally, the Cal Grant Manual states that if a recipient withdraws from school within the school's refund period and is charged only a portion of the standard tuition/fees, the institution must report the partial charges as an adjusted payment.

The institution's current Refund to State Aid Programs policy states, "Cal Grant programs are not subject to the Return to Title IV aid calculation, and usually are not adjusted if a student also has federal aid. If funds have been fully returned to federal aid programs, the student is permitted to retain the Cal Grant even if the total amount disbursed is in excess of the final fees assessed for the quarter.

#### **REFERENCES:**

California Education Code 69532 (a)  
Institutional Agreement, Article V.B  
Cal Grant Manual, Chapter 5, pages 5-21

#### **REQUIRED ACTION:**

The institution must provide the written policies and procedures that will be put into place to ensure that if a tuition refund occurs due to withdrawal, the Cal Grant tuition award must be adjusted not to exceed actual charges.

#### **INSTITUTION RESPONSE:**

UCR's understanding of the requirements for return of state funds to the Cal Grant programs when a student withdraws were based on information received in Cal Grant training workshops conducted by CSAC, in response to questions on changes in requirements after the federal implementation of the return of

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## FINDINGS AND REQUIRED ACTIONS (continued)

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federal Title IV aid regulations. Based on the federal requirements, the full amount of any tuition and fee credit would always be returned to federal aid programs. An additional requirement to return funds to state aid programs would result in the student having a billing from the institution since there would be no fee credit to return to the Student Aid Commission. When this scenario was posed to Commission staff at the training workshops, they acknowledged that federal law superceded state law, and indicated that as long as the institution did include the state aid programs in their attribution sequence and returned funds to the Cal Grant programs when there was an available credit balances the institution would not have to return funds if the full credit balance was already returned to federal programs.

Based on the clarification provided in the September 2002 program compliance review, UCR has rewritten our policies regarding the requirements to calculate a return of funds to state aid programs when a student withdraws. The paragraph from our policies and procedures cited in the finding has been replaced with the following text:

### Refunds to State Aid Programs

Cal Grant programs are not subject to the Federal Return of Title IV aid calculation. However, if a credit from a tuition and fee refund is applied to the student's account, the amount of any system wide fee refund (i.e., Ed Fee and Reg Fee) will be applied to any Cal Grant A, Cal Grant B Tuition and Fees award, Cal Grant A or B Teaching Credential Grant, Cal Grant T, or California Graduate Fellowship. Counselors will analyze the total system wide fees assessed to the student after the fee credit to ensure that the amount of Cal Grant paid to the student does not exceed this amount. The reduced amount of the Cal Grant award for the term (equivalent to final Ed Fee and Reg Fee) is posted on the Award Entry screen, resulting in a reversal of the amount that must be returned to the Cal Grant program. This reduction will then be reported to the California Student Aid Commission on the subsequent month's payment file.

### **AUDITOR REPLY:**

The institution's action is deemed acceptable and no further action is required.

### **B. APPLICANT ELIGIBILITY**

#### **FINDING: Renewal Recipient's Cal Grant Unmet Need Calculated Incorrectly**

A review of 23 renewal Cal Grant B student files disclosed 20 cases where the reported unmet need was calculated incorrectly.

### **DISCUSSION:**

For renewal students, schools must calculate a student's unmet need and report that figure to the Commission, retaining the supporting documentation within the student's record. Schools may use the Commission's annually established

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## FINDINGS AND REQUIRED ACTIONS (continued)

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student expense budget or the school may adopt its own student budget for determining renewal financial eligibility provided the budgets do not exceed those used for campus-administered aid. The school must report the resulting net unmet need amount on the Grant Roster or the Commission G-21 letter. Net unmet need is defined as a student's Cost of Attendance (COA) minus the Expected Family Contribution (EFC), Pell grant and all other aid.

The unmet needs reported to the Commission for students No. 2, 3, 6, 7, 9, 14, 15, 16, 18, 19, 21, 23, 24, 25, 29, 34, 36, 38, 39 and 40 were calculated as COA-EFC and did not take into consideration Pell and all other aid at the time of reporting.

### REFERENCES:

Higher Education Act, Part F – Need Analysis  
Cal Grant Manual, Chapter 4, page 4-3  
Cal Grant Manual, Chapter 5, pages 5-2, 5-8, 5-15 and 5-16

### REQUIRED ACTION:

Although no liability resulted due to the institution's high cost of attendance, the institution must submit in response to this report, the procedures implemented to ensure that the reported unmet need reflects the recipient's annual need as a full-time student for the award year.

### INSTITUTION RESPONSE:

UCR acknowledges that the institution, in error, reported renewal students' need (cost of attendance less expected family contribution) rather than unmet need on Grant Rosters.

Based on the clarification provided in the September 2002 program compliance review, UCR has provided written specifications to our programmers to correct the calculation of unmet need to deduct financial aid awards other than Cal Grants from students' initial need figure and report the net unmet need amount on subsequent Grant Rosters. The calculation will reflect annual need as a full-time student for the award year and will be computed as follows:

Cost of attendance (student budget)  
Less expected family contribution  
Equals financial need  
Less Pell Grant and all other aid (excluding Cal Grant awards)  
Equals net unmet need for Cal Grant reporting

UCR reports renewal student need for most recipients on the Grant Roster submitted with fall payment data after our third week census date. Since students have already been awarded at this time, our calculation of net unmet need will deduct the scheduled Cal Grant award from total aid awarded at UCR to derive the correct amount to be reported on the Grant Roster. In addition, some renewal



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## FINDINGS AND REQUIRED ACTIONS (continued)

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students' need is reported on-line via Web Grants between quarterly payment reporting cycles. All on-line entries for renewal students' need figures are posted by the Cal Grant coordinator, who has been provided with the correct definition of unmet need for Cal Grant reporting, so that both batch files and on-line entries will use the same calculation.

### AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required.

### C. FUND DISBURSEMENT AND REFUNDS:

#### FINDING: Cal Grant A Tuition Award Exceeds Actual Tuition/Fees Charged

A review of 23 Cal Grant A student files disclosed 1 case where the institution overpaid a student Cal Grant funds.

### DISCUSSION:

The California Education Code indicates that Cal Grant tuition/fee awards shall be used only for tuition and student fees. Based on a recipient's financial need, the Commission makes tuition/fee payments up to a maximum annual award **not to exceed the school's actual tuition/fee charges**. Student No. 13 was awarded a full-time summer 2001 Cal Grant A award of \$1,143 on August 16, 2001. According to the student's Account Snapshot, the student was charged \$1,216 for summer session fees. Subsequently, the student's fees were reduced by \$258.40 resulting in a revised summer session fee amount of \$957.60 on of June 18, 2001 (\$1,216 summer fees less \$258.40 fees refund). The Cal Grant award exceeds the actual tuition/fees charged by \$185.40 (\$1,143-\$957.60).

### REFERENCES:

California Education Code 69532 (a)  
Institutional Agreement, II.A, III.B.5, V.B  
Cal Grant Manual, Chapter 5, pages 5-11 and 5-20

### REQUIRED ACTION:

The institution must repay **\$185.40** for student No. 13 and must provide the written policies and procedures that will be put into place to ensure that Cal Grant funds for tuition/fees only will not exceed the actual tuition and fees charged.

### INSTITUTION RESPONSE:

UCR acknowledges that one case in which a summer Cal Grant recipient dropped a class and received a tuition and fee refund was inadvertently not identified and revised. Consequently, the amount of the summer Cal Grant

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## **FINDINGS AND REQUIRED ACTIONS (continued)**

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payment was not appropriately reduced to the amount of actual tuition and fees, and the refund returned to the Cal Grant programs.

For the few summer Cal Grant cases we have each year, it is already UCR policy to compare actual tuition and fees to the amount of a scheduled Cal Grant payment and to disburse only the amount of system wide fees assessed for a term. It appears that this case was an oversight in which the counselor failed to reduce the award when the student changed her enrollment status. Additional training has been provided to counselors to ensure that there is complete understanding of the requirements to ensure that Cal Grant awards do not exceed the actual tuition and fees charged.

In addition, the following clarification of these requirements has been added to our summer awarding policies:

Students who wish to receive summer payment of their Cal Grant awards must contact the Student Aid Commission directly to request payment. Notice of eligibility is provided to the institution via the Grant Roster. Summer Cal Grants appear on Grant Rosters with award amounts that exceed the annual award maximum scheduled for payment at UCR, since CSAC includes summer payments as trailer awards on the roster. The Cal Grant coordinator then notifies the applicable alpha counselor of the students' eligibility to receive an award. Students approved for summer Cal Grant payment may not receive an award that exceeds the amount of summer session fees. Counselors compare the amount of the students' fees to the scheduled payment. If the students' fees are less than the amount of the award, the Cal Grant amount is set to the fee amount when it is posted on screen 318. The Cal Grant coordinator reports summer Cal Grant payments on-line on Web Grants for both first and second summer sessions. Summer Cal Grant recipients are monitored for any change in enrollment status that will result in a change in fees and this information is provided to the Cal Grant coordinator for reporting to CSAC. If the fees are decreased, the amount of the Cal Grant will be decreased correspondingly, and the refund returned to the applicable Cal Grant program.

### **AUDITOR REPLY:**

The institution returned \$185.40 on check # 348844 dated 1/15/03 and the required policies and procedures, this action is deemed acceptable and no further action is required.

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**ATTACHMENT A - STUDENT SAMPLE**

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